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## RECONSIDERING PERFORMANCE EFFECTS OF EMPLOYEE AUTONOMY IN THE PURSUIT OF ENTREPRENEURIAL OPPORTUNITIES (INTERACTIVE PAPER)

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## ≈ INTERACTIVE PAPER ≈

**RECONSIDERING PERFORMANCE EFFECTS OF  
EMPLOYEE AUTONOMY IN THE PURSUIT OF  
ENTREPRENEURIAL OPPORTUNITIES**

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**Principal Topics**

The arguably prevailing, or conventional view of autonomy is that if employees are granted greater autonomy, the firm will achieve higher levels of performance. However, the performance effects of employee autonomy have received relatively scant research attention (Lumpkin, Cogliser & Schneider 2009). In this research we propose that in small and medium-sized enterprises (SMEs), granting high employee autonomy, as captured within the firm's strategic orientation, is not necessarily the best strategic course of action and therefore may be associated with lower firm performance. Rather it may often be better to have less (as opposed to more autonomy) within SMEs where targeted resource deployments are important to focus efforts and achieve growth. To gain additional insight, we explore organizational risk-taking in general, and top management team TMT focused opportunity exploration in particular, as drivers of employee autonomy and SME firm performance.

**Method**

We test these hypotheses using data from a triennial survey to founders or CEOs of Swiss SMEs sourced from Dun & Bradstreet's Compass database which covers all sectors and regions of Switzerland. Initial results reported below are based on structural equation models of data covering over 300 firms' growth performance as measured in terms of their sales growth over a three year period.

**Results and Implications**

Our results indicate that employee autonomy may indeed be negatively associated with growth among SMEs with growth aspirations. This suggests that providing employees with high levels of autonomy may not always align with an SME's growth objectives and necessities, particularly when the top management team (TMT) is highly adept at opportunity exploration in their own right. Unlike autonomy, our results indicate a strong positive association of TMT's opportunity exploration capability and SME growth. Finally, when integrating risk-taking within a firm's strategic orientation, we find that it is associated with higher employee autonomy and reinforces the relationship between TMT opportunity exploration and growth.

Overall, this study provides evidence which challenges extant assumptions concerning the importance of emphasizing autonomy as a core element of an SME's strategic orientation.

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